



Healthcare Excellence Institute

Your Change Effort Will Fail

And

How to Fix It

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Scientific Evidence Suggest Your Change Effort Will Fail

A large body of scientific evidence generated over the last several decades suggests that the conventional ways of change management used by most organizations will fail. The belief is that evidence and data will drive change, and if the data is very clear on a subject, and since human beings are being thought of as REMPs (resourceful, evaluating, maximizing person), change will be made as the data indicates. Every business school worth its salt teaches to this mantra, present the facts, generate a business case with the appropriate calculation of ROI, maybe a Net Present Value calculation thrown in for good measure, and surely those with decision authority and involvement will make the best decision. And then we have to content with the cold hard fact – no – they will not

Consider this fact: 90% of patients having undergone coronary bypass surgery will not have made a lifestyle change 2 years after the surgery, full well aware of the fact this will significantly shorten their life expectancy!

This creates a dilemma for business leaders as a whole, even if we know through sound analysis that there is a better way, that profitability could be changed for the better quickly, how do we get from idea to realization? The good news is that there is a repeatable way to change behaviors, it just is not what we were taught in business schools or through most popular management books, but the methods have been used in the most successful organizations worldwide for a very long time.

How to Drive Successful Change

First, in order for successful long term change to take place, the individuals involved have to fundamentally believe that the change can be made and that there is a positive impact by making the change (rather than a negative not occurring). In addition, this is best achieved via the involvement of peers that have gone through a similar process, thus making the possibility of change a reality. Secondly, the new habits have to be repeated over and over again, until they become a habit. There is a minimum time that the new habits have to simply be adhered to until they are no longer an alien way of doing things. Third, by going through step one a two, a new way of thinking is learned, which then becomes the engine for future change.

So how has this been accomplished in industry, by the most successful organizations around? One mechanism that has been used extensively is that of Extreme Makeover Events or Kaizen Events to change habits, organizational culture and processes. Kaizen events are an alternative method to traditional consulting, in that associates are at the center of driving the change, not an outside 'alien' expert that has all the content knowledge, or an internal 'higher up' that is not part of the peer group.

A Kaizen event is a 'project' to improve the performance of an area that is completed inside of one week. A group of associates that currently conduct the activity in that process is selected to participate in the event. Initially this may be the entire department, and as the organization matures vis-à-vis change management, it may only be a sub-set of the department's associates supplemented by associates from other areas that interface with the area being worked on.

This team is then supported by Kaizen Leaders, typically 1-4 individuals depending on the size of the event and the scope of the process. Kaizen Leaders are actually not subject matter experts with respect to the process being worked on, but rather, they are subject matter experts in process and culture change. They have several years of process physics training and experience in conducting these events. It is actually a key to the success of the overall process that they not be subject matter experts in the process under investigation.

On day 1 the associates are trained in process assessment techniques and they immediately apply those tools to their area of operation. By the middle of day two the team then assimilates all their findings from the observation. By going through this step several key change management elements occur. First, since it was not an outside resource assessing the operation, there is ownership of the findings. The findings are 'real' to all involved, and, they are evaluated under the framework of the ability to change them. Of course the vast majority of the identified issues are of a scope and magnitude that they are easily changed if the barriers are removed, which is the job of the Kaizen Leader. This process therefore covers step one of successful change management, peer involvement and the belief that change is indeed possible.

After the assessment has been completed, a new process is designed by the associates. They are supported by the Kaizen Leaders who teach the ins and outs of sound process design. Once the process has been designed it is implemented immediately and tested. A key to the success of this process is that this usually entails making a physical change to the process layout. This means that intra departmental arrangements, office furniture, as well as roles and responsibilities, who does what, are changed as part of the new process. This physical change supports step 2, the need to repeat the new patterns until they become a habit. If the process and roles and responsibilities are not changed, then it becomes too easy to fall back into old habits, so the physical change is essential.

Lastly, once the fine tuning is complete and the process is implemented, it is documented, and a presentation to the highest on site officers of the organization is made – by the associates. The fact that a CEO, CFO or COO takes the time to listen to associates after they have made significant process change is yet another signal to associates that they are indeed valued by the organization and have the ability to make a difference.

Over the years of using Kaizen events to drive significant change into healthcare organizations, we have found that organizations crave this method of change. Once an area has undergone the Kaizen process, associates change and become more and more engaged in the business, wanting to deliver results. This process does not only drives process change, but culture change.

In summary, why do Kaizen Events work where other approaches fail?

- Associates are not told what to do, they are provided with structure to assess issues for themselves and make beneficial changes
- Associates are surrounded by their colleagues throughout the process, many of which have gone through the process before and understand it's success rate
- It is fun to be truly empowered to change the work environment
- Associates gain tremendous business knowledge via the detailed investigation
- The environment is physically changed to guarantee that new habits are formed and old habit cannot persist
- All work is completed in a short timeframe, the project is manageable and success is immediate
- Throughout the project, progress is visible every day, success can be celebrated every day providing motivation for the next day
- Change is rewarded by the organization manifested by leadership involvement

Examples of revenue cycle target areas are: Admitting departments wanting to increase time of service collections and decrease patient wait times, HIM departments attempting to decrease processing times or Patient Financial Services groups needing to increase cash realization.

Healthcare Excellence Institute -- Contrarian Revenue Cycle Solutions for a New Reality

Healthcare Excellence Institute was founded on the premise that substantial additional cash will be generated by applying non-traditional methods to revenue cycles. We have demonstrated that operating margins can be increased in excess of 8% year after year using this approach.

HEI's product and services portfolio offers solutions for customers ranging from those needing a limited scope solution, to those desiring a comprehensive revenue cycle redesign and to organizations desiring to outsource the entire revenue cycle.

Samples of our Product and Services Portfolio:

- **New Generation Revenue Cycle Scorecard & Management System (ScoreLogix™ -- ASP Software)**
The traditional revenue cycle measures of Net A/R days, Cash as a Percent of Net, etc. are too imprecise and inherently 'too noisy' to provide the business intelligence needed to minimize cash leakage from net revenues. As our presentation at ANI2008 demonstrated, the new generation revenue cycle metrics enable a comprehensive performance management system that allows cash realization to increase quickly.
- **Extreme Makeover Events (Consulting)**
Many revenue cycles suffer cash leakage due to specific process failures that should be addressed quickly. With our extreme makeover events our experts work with local associates to assess current operations, design new and improved processes and implement these processes in a one-week time frame. Results from this method of process change are immediate and visible, giving leadership a proven, practical and economical change management tool.
- **Scientifically based Collections Optimization (CollectLogix™ -- ASP Software)**
Collection efforts can be leveraged substantially via our patent pending prioritization index in conjunction with dynamic job aids that assist collectors in achieving maximum effectiveness. Metrics beyond productivity measures provide the insight to actively manage collections and predict outcomes.
- **High Performance Organization (Consulting)**
Technology plays a vital role in revenue cycle operations, it being a data processing 'business'. That said, organizational makeup, culture and maturity will ultimately determine success. Operating a truly world class revenue cycle is not a matter of doing a few things well and using some high end technologies; what is needed is an organization with a structure that intrinsically improves itself all the time. Our High Performance Work Team structure is the basis for building a 'self healing' organization.

HEI has used its 10-year experience of applying Toyota Production Systems / Lean Six Sigma with Fortune 100 companies and applied this expertise to healthcare business operations. It was founded in 1997 and is headquartered in Phoenix, AZ. HEI's healthcare clients have won multiple international awards for their world-class onsite business processes.